

Registered number: 01385176

AUDIO-TECHNICA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

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AUDIO-TECHNICA LIMITED

COMPANY INFORMATION

Directors	K Narihara S Horibe K Matsushita R Morgan-Males AJ Rooke
Company secretary	AJ Rooke
Registered number	01385176
Registered office	Technica House Unit 5 Millennium Way Leeds West Yorkshire LS11 5AL
Independent auditor	Crowe U.K. LLP 3rd floor The Lexicon Mount Street Manchester M2 5NT

AUDIO-TECHNICA LIMITED

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AUDIO-TECHNICA LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2024

Introduction

The directors present their strategic report for the year ended 31 March 2023.

Business review

The results for the financial year ending 31 March 2024 are set out on page 11 of the Annual Report. Revenue increased by 9.8% year on year (2024 - £80.4m, 2023 - £73.2m). The profit for the period before taxation was £11.7m (2023: £10.8m) which resulted in a net profit of £8.7m (2023: £8.8m), a small decrease of 0.3% versus the prior year.

The cash position decreased by £2.9m to £23m.

The gross margin decreased slightly from 34.8% to 34.4%.

Selling and distribution expenses increased by 3.9% and general and administrative expenses were 18.9% more than the prior year. The conversion of the Benelux business from a trading company to a services company accounted for half of the increase in general and administrative expenses. The business also made significant investments in the Microsoft stack of applications to compliment the ERP system (D365). Further investments will be made when opportunities to take advantage of new AI technologies arise.

The fiscal year was another challenging year having to deal with the affordability topic in a high inflationary environment in our retail segment and in particular turntables. This is a key segment for the business and there were concerns during Q1 that customers would not have the disposable income to buy turntables. However, those concerns proved unwarranted as product demand increased significantly from November onwards. Sales of these products grew 17% year on year.

In analysing the business over the last three fiscal years there is no doubt the mix between Retail and Commercial audio products in the company's portfolio, both established and new to market has been one of the largest factors of its success.

Overseas branches

The Company operates one overseas branch in The Netherlands.

Principal risks and uncertainties

The Company's activities give rise to a number of risks and uncertainties. The directors review and agree policies for managing each of these risks and they are summarised below:

Currency risk

The Company's profit and loss account and balance sheet are reported in pounds Sterling and may be affected by fluctuations in exchange rates. A significant majority of the Company's business activities are conducted in both US Dollars and Euros. In light of its foreign currency exposure, the Company hedges its US Dollar denominated transactions.

Credit risk

The continuing challenging credit environment has highlighted the importance of governance and management of credit risk. Credit exposure risk is monitored centrally for individual transactions and the appropriateness of customer credit limits. The Company also uses credit insurance provided by Euler Hermes.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs by the use of loans from group companies and cash reserves. Management control and monitor the Company's cash flow on a regular basis.

AUDIO-TECHNICA LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Financial key performance indicators

The directors use Key Performance Indicators (KPI's) to monitor the progress of the company and measure its performance against targets. A review of the KPI's is provided below: -

	2024	2023
Revenue growth(%)	9.8%	26.5%
Gross Profit (%)	34.4%	34.8%
Operating profit before tax	13.8%	14.7%
Inventory MOH	3.8	3.7
Debtor Days	24	28
Creditor Days	61	66

Inventory MOH (months on hand) is calculated as the average of the last 3 months calculation of the inventory value divided by the 3 month average of cost of goods sold.

The directors of the Company as those of all UK companies must act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows:

Directors' statement of compliance with duty to promote the success of the Company

A director of a company must act in the way they consider in good faith would be most likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard to :

This report was approved by the board and signed on its behalf.



AJ Rooke
Director

Date:

12th July 2024

AUDIO-TECHNICA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2024

The directors present their report and the financial statements for the year ended 31 March 2024.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company during the current and prior year was the supply of professional audio equipment.

Results and dividends

The profit for the year, after taxation, amounted to £8,731,427 (2023 - £8,755,688).

During the year the directors recommended the payment of one dividend for £860k

Directors

The directors who served during the year were:

K Narihara
S Horibe
K Matsushita
R Morgan-Males
AJ Rooke

AUDIO-TECHNICA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Streamlined energy and carbon reporting

	Scope (GHG Protocol)	Energy type	Conversion method/Unit used	UK energy use (twelve months to March 2024)	UK energy use (twelve months to March 2023) (restated)
Emissions from consumption of gas (tCO ₂ e)	Scope 1	Gaseous fuels	Natural gas/Kwh	14 tCO ₂ e	25 tCO ₂ e
Emissions from combustion of fuel for transport purposes (tCO ₂ e)	Scope 1	Liquid fuel	Diesel (average biofuel blend)/Litres	2 tCO ₂ e	3 tCO ₂ e
Emissions from business waste disposal which is not owned or controlled (tCO ₂ e)	Scope 3	Not applicable	Tonnes of waste	30 tCO ₂ e	30 tCO ₂ e
Emissions from business travel in employee-owned vehicles where company is responsible for purchasing the fuel (tCO ₂ e)	Scope 3	Liquid fuel	Diesel (average biofuel blend)/Litres	1 tCO ₂ e	2 tCO ₂ e
Emissions from purchased electricity (tCO ₂ e)	Scope 2	Electricity	Not applicable/Kwh	15 tCO ₂ e	13 tCO ₂ e
Total gross tCO₂e based on above				62 tCO₂e	76 tCO₂e
Intensity ratio – Electricity Kwh per FTE				0.98	1.23

The intensity ratio used is most relevant to the Company and provides the most context to users of this information.

This current financial year management have received additional information regarding the volume of electrical waste which was not include in prior years figures. This has increased the prior year figures of business wasted disposal from 5 tonnes of CO₂e to 30 tonnes of CO₂e

Methodology

In calculating the above the Company has used the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. The conversion factors used have been taken from the UK Government GHG Conversion Factors for Company Reporting 2022 spreadsheet in accordance with the parameters in the above table. The verifiable data sources used in collating the data includes supplier invoices for gas, electricity and litres of fuel purchased for company controlled transport. Fuel costs of expense claims were used for employee-owned vehicle land travel..

AUDIO-TECHNICA LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

Energy Efficiency Action

In previous years the company has installed low powered LED lighting and automatic motion sensors in the warehouse and office buildings to reduce electricity usage. Our vehicle fleet is now 80% electric, compared with 0% four years ago, and a salary sacrifice electric vehicle scheme was also introduced in April 2022. We have also reduced the use of gas heating in our Leeds warehouse.

Future developments

In the last fiscal year the Company has seen an improvement in the lead times, availability and cost price of key components such as IC chips. However, freight expenses, which initially declined sharply, have started to rise again following the problems in the Suez Canal. Inflation has started to return to normal levels throughout Europe and the Company expects normalised retail demand. The on-going Ukraine conflict leaves a cloud over Europe and affects business confidence and gas and oil prices. The company stopped selling goods into Russia in March 2022.

However, the business continues to be operationally and financially resilient, which leaves it in a strong position to fight against these external factors.

The company is strongly connected to the Eurozone with 70% of its turnover generated from European markets which are serviced by the European Distribution Centre in The Netherlands. In order to meet an increase in demand the Directors secured additional space at the existing facility last fiscal year.

The existing business model will continue to be assessed for its suitability to maintain the existing growth curve.

The company is expecting to see an increase in sales next year from continuing operations especially in the commercial audio business unit and in particular the live sound, touring, rental and fixed installation markets.

Matters covered in the Strategic Report

Details of principal risks and uncertainties are disclosed in the Strategic Report

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDIO-TECHNICA LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2024**

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditor

The auditor, Crowe U.K. LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

AJ Rooke
Director



Date:

12th July 2024

AUDIO-TECHNICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUDIO-TECHNICA LIMITED

Opinion

We have audited the financial statements of Audio-Technica Limited (the 'Company') for the year ended 31 March 2024, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

AUDIO-TECHNICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUDIO-TECHNICA LIMITED (CONTINUED)

Other Information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDIO-TECHNICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUDIO-TECHNICA LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, revenue recognition and cut off. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and sample testing on revenue.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

AUDIO-TECHNICA LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AUDIO-TECHNICA LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Jayson (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

3rd floor
The Lexicon
Mount Street
Manchester
M2 5NT

Date: 18/2024

AUDIO-TECHNICA LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2024**

	Note	2024 £	2023 £
Turnover	4	80,423,530	73,254,152
Cost of sales		(52,766,538)	(47,773,638)
Gross profit		27,656,992	25,480,514
Distribution costs		(6,381,244)	(6,143,140)
Administrative expenses		(10,210,760)	(8,589,949)
Operating profit	5	11,064,988	10,747,425
Interest receivable and similar income	9	701,864	152,357
Interest payable and expenses	10	(83,892)	(22,447)
Profit before tax		11,683,160	10,877,335
Tax on profit	11	(2,951,733)	(2,121,647)
Profit for the financial year		8,731,427	8,755,688

The notes on pages 15 to 34 form part of these financial statements.

AUDIO-TECHNICA LIMITED
REGISTERED NUMBER: 01385176

BALANCE SHEET
AS AT 31 MARCH 2024


	Note	2024 £	2023 £
Fixed assets			
Intangible assets	12	107,470	133,659
Tangible assets	13	281,430	259,037
		<u>388,900</u>	<u>392,696</u>
Current assets			
Stocks	14	15,926,159	13,284,836
Debtors: amounts falling due within one year	15	13,820,964	5,955,395
Cash at bank and in hand	16	23,058,384	25,965,821
		<u>52,805,507</u>	<u>45,206,052</u>
Creditors: amounts falling due within one year	17	<u>(8,010,118)</u>	<u>(8,752,761)</u>
Net current assets		<u>44,795,389</u>	<u>36,453,291</u>
Total assets less current liabilities		<u>45,164,289</u>	<u>36,845,987</u>
Provisions for liabilities			
Deferred tax	19	<u>(105,388)</u>	-
		<u>(105,388)</u>	-
Net assets		<u><u>45,058,901</u></u>	<u><u>36,845,987</u></u>
Capital and reserves			
Called up share capital	20	40,102	40,102
Share premium account	21	3,405,868	3,405,868
Other reserves	21	108,027	(235,760)
Profit and loss account	21	41,506,904	33,635,777
		<u>45,058,901</u>	<u>36,845,987</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on



AJ Rooke
Director

12/7/24



K Matsushita
Director

The notes on pages 15 to 34 form part of these financial statements.

AUDIO-TECHNICA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2024**

	Called up share capital	Share premium account	Hedge reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2023	40,102	3,405,868	(235,760)	33,835,777	36,845,987
Comprehensive Income for the year					
Profit for the year	-	-	-	8,731,427	8,731,427
Taxation in respect of items of other comprehensive income	-	-	(35,342)	-	(35,342)
Change in fair value of hedging instrument	-	-	141,369	-	141,369
Other comprehensive Income for the year	-	-	106,027	-	106,027
Total comprehensive Income for the year	-	-	106,027	8,731,427	8,837,454
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(860,300)	(860,300)
Transfer to profit and loss account	-	-	235,760	-	235,760
Total transactions with owners	-	-	235,760	(860,300)	(624,540)
At 31 March 2024	40,102	3,405,868	106,027	41,506,904	45,058,901

The notes on pages 15 to 34 form part of these financial statements.

AUDIO-TECHNICA LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023**

	Called up share capital	Share premium account	Hedge reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2022	40,102	3,405,868	314,958	25,191,287	28,952,215
Comprehensive income for the year					
Profit for the year	-	-	-	8,755,688	8,755,688
Taxation in respect of items of other comprehensive income	-	-	78,587	-	78,587
Change in fair value of hedging instrument	-	-	(314,347)	-	(314,347)
Other comprehensive income for the year	-	-	(235,760)	-	(235,760)
Total comprehensive income for the year	-	-	(235,760)	8,755,688	8,519,928
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(311,198)	(311,198)
Transfer to/from profit and loss account	-	-	(314,958)	-	(314,958)
Total transactions with owners	-	-	(314,958)	(311,198)	(626,156)
At 31 March 2023	40,102	3,405,868	(235,760)	33,635,777	36,845,987

The notes on pages 15 to 34 form part of these financial statements.

AUDIO-TECHNICA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1. General information

Audio-Technica Limited (the "Company") is a private company limited by shares and incorporated, domiciled and registered in England and Wales in the UK. The registered number is 01385176 and the registered address is Technica House, Unit 5, Millenium Way, Leeds, West Yorkshire, LS11 5AL.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Audio Technica Europe Holding BV as at 31 March 2023 and these financial statements may be obtained from the Chamber of Commerce in the Netherlands (Kamer van Koophandel).

2.3 Going concern

The company meets its ordinary working capital requirements through its cash reserves and bank facilities which are reviewed and renewed annually and its group balances. The directors prepare annual budgets and forecasts in order to ensure that they have sufficient facilities in place and that they comply with the terms and conditions of the bank facilities.

Having regard to the above, the directors believe it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.5 Intangible assets

The estimated useful lives range as follows:

Computer software	-	Between 3 and 5 years straight line
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Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The estimated useful lives range as follows:

Leasehold property improvements	-	10 years straight line
Fixtures & fittings	-	Between 3 and 5 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the Statement of Comprehensive Income.

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average cost basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.8 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.10 Financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Profit and loss account.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the Profit and loss account.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)

(ii) Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including interest rate swaps, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the Profit and loss account, unless they are included in a hedging arrangement.

Foreign exchange derivatives are held to manage foreign exchange exposures and are designated as cash flow hedges of foreign currency purchases. Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Profit and loss account.

The gain or loss recognised in other comprehensive income is reclassified to the Profit and loss account when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, or the hedging instrument is terminated.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

2.11 Hedge accounting

The Company has entered into forward foreign currency contracts to manage its exposure to currency fluctuations on its EU purchases. These derivatives are measured at fair value at each balance sheet date. To the extent the hedge is effective, movements in fair value are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any ineffective portions of those movements are recognised in profit or loss for the period.

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

2.13 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.15 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.17 Interest income

Interest income is recognised in profit or loss using the effective interest method.

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

2. Accounting policies (continued)

2.18 Provisions for liabilities

Provisions are recognised when an event has taken place that gives rise to a legal or constructive obligation, a transfer of economic benefits is probable and a reliable estimate can be made.

Provisions are measured as the best estimate of the amount required to settle the obligation, taking into account the related risks and uncertainties.

Increases in provisions are generally charged as an expense to profit or loss.

2.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

3. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

The functional currency for the Company is the currency of the primary economic environment in which the Company operates. The company has determined the functional currency is GBP. Determination of functional currency may involve certain judgements to determine the primary economic environment. The company reconsiders the functional currency if there is a change in events and conditions which determines the primary economic environment.

(b) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Provisions

Provision is made for assets, stock, retirement obligations, dilapidations, warranties and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

(ii) Impairment of debtors

The Company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 14 for the net carrying amount of the debtors and associated impairment provision.

4. Turnover

The whole of the turnover is attributable to one principal business activity of the Company.

Analysis of turnover by country of destination:

	2024	2023
	£	£
United Kingdom	18,943,604	18,101,734
Rest of Europe	58,480,284	51,682,994
Rest of the World	2,999,642	3,469,424
	<u>80,423,530</u>	<u>73,254,152</u>

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

5. Operating profit

The operating profit is stated after charging:

	2024	2023
	£	£
Exchange differences	94,732	(1,125,808)
Other operating lease rentals	776,160	646,548
Depreciation of tangible fixed assets	81,016	89,642
Amortisation of intangible fixed assets	26,189	35,014
	<u>778,107</u>	<u>(354,604)</u>

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2024	2023
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	30,000	20,500
Fees payable to the Company's auditor and its associates in respect of: All non-audit services not included above	7,500	1,200
	<u>37,500</u>	<u>21,700</u>

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2024 £	2023 £
Wages and salaries	4,258,154	4,004,101
Social security costs	410,201	447,026
Cost of defined contribution scheme	212,785	191,059
	<u>4,881,140</u>	<u>4,642,186</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2024 No.	2023 No.
Administration and sales	55	52
Warehouse and service	8	10
	<u>63</u>	<u>62</u>

8. Directors' remuneration

	2024 £	2023 £
Directors' emoluments	456,485	456,976
Company contributions to defined contribution pension schemes	47,658	41,820
	<u>504,123</u>	<u>498,796</u>

During the year retirement benefits were accruing to 2 directors (2023 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £229,803 (2023 - £235,863).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,537 (2023 - £20,910).

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

9. Interest receivable

	2024 £	2023 £
Other interest receivable	<u>701,864</u>	<u>152,357</u>

10. Interest payable and similar expenses

	2024 £	2023 £
Interest on loans with group undertakings	<u>83,692</u>	<u>22,447</u>

11. Taxation

	2024 £	2023 £
Corporation tax		
Current tax on profits for the year	2,937,797	2,068,933
Adjustments in respect of previous periods	-	67,350
Foreign tax		
Foreign tax on income for the year	15,064	3,822
	<u>15,064</u>	<u>3,822</u>
Total current tax	<u>2,952,861</u>	<u>2,140,105</u>
Deferred tax		
Origination and reversal of timing differences	(1,128)	(18,458)
Total deferred tax	<u>(1,128)</u>	<u>(18,458)</u>
Taxation on profit on ordinary activities	<u>2,951,733</u>	<u>2,121,647</u>

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2023 - *higher than*) the standard rate of corporation tax in the UK of 25% (2023 - 19%). The differences are explained below:

	2024 £	2023 £
Profit on ordinary activities before tax	<u>11,683,160</u>	<u>10,877,335</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2023 - 19%)	2,920,790	2,066,694
Effects of:		
Expenses not deductible for tax purposes	13,000	-
Adjustments to tax charge in respect of prior periods	-	67,350
Overseas tax	15,064	3,822
Difference on estimate	2,879	(16,219)
Total tax charge for the year	<u>2,951,733</u>	<u>2,121,647</u>

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

11. Taxation (continued)

Factors that may affect future tax charges

The deferred tax balance at 31 March 2024 has been calculated at 25% (2023 - 25%).

12. Intangible assets

	Patents £	Computer software £	Total £
Cost			
At 1 April 2023	88,404	757,453	845,857
Disposals	-	(502,442)	(502,442)
At 31 March 2024	<u>88,404</u>	<u>255,011</u>	<u>343,415</u>
Amortisation			
At 1 April 2023	88,404	623,794	712,198
Charge for the year on owned assets	-	26,189	26,189
On disposals	-	(502,442)	(502,442)
At 31 March 2024	<u>88,404</u>	<u>147,541</u>	<u>235,945</u>
Net book value			
At 31 March 2024	<u>-</u>	<u>107,470</u>	<u>107,470</u>
At 31 March 2023	<u>-</u>	<u>133,659</u>	<u>133,659</u>

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

13. Tangible fixed assets

	Leasehold property improvements £	Fixtures & fittings £	Total £
Cost or valuation			
At 1 April 2023	512,806	723,382	1,236,187
Additions	10,740	76,380	87,120
Disposals	(152,891)	(44,724)	(197,615)
At 31 March 2024	<u>370,654</u>	<u>755,038</u>	<u>1,125,692</u>
Depreciation			
At 1 April 2023	331,549	645,601	977,150
Charge for the year on owned assets	38,584	42,431	81,015
Disposals	(152,891)	(41,012)	(193,903)
At 31 March 2024	<u>217,242</u>	<u>647,020</u>	<u>864,262</u>
Net book value			
At 31 March 2024	<u>153,412</u>	<u>108,018</u>	<u>261,430</u>
At 31 March 2023	<u>181,256</u>	<u>77,781</u>	<u>259,037</u>

14. Stocks

	2024 £	2023 £
Finished goods and goods for resale	<u>15,926,159</u>	<u>13,284,836</u>

The carrying value of stocks are stated net of impairment losses totalling £2,655,946 (2023 - £2,655,946) .

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

15. Debtors

	2024 £	2023 £
Trade debtors	4,572,415	4,951,487
Amounts owed by group undertakings	8,315,138	620,302
Other debtors	5,108	12,727
Prepayments and accrued income	786,936	363,466
Deferred taxation	-	7,413
Derivative financial instruments	141,369	-
	<u>13,820,964</u>	<u>5,955,395</u>

Trade debtors are stated after provisions for impairment of £103,917 (2023 - £143,048).

Included in amounts owed from group undertakings is a loan to Audio Technica Japan of £8m. This loan is repayable on or before 31 March 2025. Interest on this unsecured loan is 5.02%

All other amounts owed by group undertakings are unsecured, interest free, have no fixed repayment terms and are repayable on demand.

16. Cash and cash equivalents

	2024 £	2023 £
Cash at bank and in hand	<u>23,058,384</u>	<u>25,965,821</u>

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

17. Creditors: Amounts falling due within one year

	2024 £	2023 £
Trade creditors	1,921,173	3,263,349
Amounts owed to group undertakings	2,082,143	1,366,055
Corporation tax	1,476,742	1,213,933
Other taxation and social security	184,826	210,638
Other creditors	18,023	19,772
Accruals and deferred income	2,327,211	2,364,667
Derivative financial instruments	-	314,347
	<u>8,010,118</u>	<u>8,752,761</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed repayment terms and are repayable on demand.

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

18. Financial Instruments

	2024 £	2023 £
Financial assets		
Financial assets measured at cost through profit or loss	23,199,753	31,550,337
Derivative financial instruments measured at fair value through profit or loss	141,369	-
	<u>23,341,122</u>	<u>31,550,337</u>
Financial liabilities		
Derivative financial instruments measured at fair value through profit or loss	-	(314,347)
Other financial liabilities measured at fair value through profit or loss	6,348,550	(7,013,843)
	<u>6,348,550</u>	<u>(7,328,190)</u>

Financial assets measured at cost through profit or loss comprise cash, trade and other debtors and amounts due to group undertakings

Derivative financial instruments measured at fair value through profit or loss comprise forward foreign currency contracts. The Company enters into forward foreign currency contracts including ratio forward contracts and accrual forward contracts to mitigate the exposure to the variability in cashflows associated with highly probable forecasted purchases, which arise as a result of their denomination in foreign currencies. These cashflows, i.e. purchases, are expected to occur within the next twelve months.

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for Euros and US Dollars. The fair value of the forward foreign currency contracts at the year end were recognised as an asset of £141,369 (2023: liability of £314,347). As a result of underlying hedged items occurring during the year, an amount of £235,760 (2023 - £314,958) was reclassified from (2023 - to) the Hedge reserve in Equity to the Profit and Loss Account during the year.

Other financial liabilities measured at cost through profit or loss comprise trade and other creditors, accruals and amounts due to group undertakings

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

19. Deferred taxation

	2024 £	2023 £
At beginning of year	7,413	(194,618)
Charged to the profit or loss	1,128	18,458
Charged to other comprehensive income	(113,929)	183,573
At end of year	(105,388)	7,413

The deferred taxation balance is made up as follows:

	2024 £	2023 £
Accelerated capital allowances	(70,046)	(71,174)
Deferred tax on derivative contracts	(35,342)	78,587
	(105,388)	7,413

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

20. Share capital

	2024	2023
	£	£
Allotted, called up and fully paid		
40,102 (2023 - 40,102) Ordinary shares of £1.00 each	<u>40,102</u>	<u>40,102</u>

21. Reserves

Share premium account

The Share premium reserve is used to record the difference between the par value of the Company's shares and the amount the Company received in consideration for newly issued shares.

Hedge reserve

The Hedge reserve is used to record transactions arising from the Company's cash flow hedging arrangements.

Profit & loss account

The profit and loss reserve represents accumulated comprehensive income for the year and prior periods.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £212,786 (2023 - £191,059).

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

23. Commitments under operating leases

At 31 March 2024 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2024 £	2023 £
Buildings		
Not later than 1 year	574,571	392,905
Later than 1 year and not later than 5 years	1,394,168	442,871
	<u>1,968,739</u>	<u>835,776</u>
	2024 £	2023 £
Other		
Not later than 1 year	88,943	93,031
Later than 1 year and not later than 5 years	47,889	79,267
	<u>136,832</u>	<u>172,298</u>

24. Related party transactions

The majority of goods for resale were purchased from fellow group companies, in addition to other cost recharges. An analysis of these transactions by group company for any not 100% owned within the group is shown below:

	Other recharges £	Sales / (Purchases) £	2024 £	2023 £
Audio Technica Corporation	(568,447)	(14,895,035)	(787,060)	(965,314)
Audio Technica US Inc.	-	(53,378)	(120,816)	(36,812)
Audio Technica (Greater China)	-	(34,416)	(13,766)	(9,574)
Audio Technica Taiwan	-	(255,345)	(38,187)	-

All related parties above have the same ultimate parent company, Audio Technica Corporation. The Company has taken advantage of the exemption within FRS 102 not to provide details of transactions entered into between wholly owned members of the group headed by Audio Technica Europe Holding BV.

All balances are not secured and are repayable on demand within the agreed credit limits.

AUDIO-TECHNICA LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024**

25. Controlling party

The Company is a wholly owned subsidiary of Audio Technica Europe Holding BV, a company incorporated in the Netherlands. The ultimate parent company is Audio Technica Corporation which is incorporated in Japan.

The largest group of undertakings for which group accounts have been drawn up is that headed by Audio Technica Corporation, and the smallest such group of undertakings including the company is Audio Technica Europe Holding BV.